

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>03-008</u>	2. STATE <u>Indiana</u>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <u>July 1, 2003</u>	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION <u>42 CFR 447.272 & 447.321</u>		7. FEDERAL BUDGET IMPACT a. FFY <u>2003</u> \$ <u>0</u> b. FFY <u>2004</u> \$ <u>76.1 million</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Attachment 4.19-A, Page 18.2</u> <u>Attachment 4.19-B, Page 2.4</u>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>none</u>	
10. SUBJECT OF AMENDMENT <u>Hospital Private UPL</u>			
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL <u>Melanie Bella</u>		16. RETURN TO <u>Melanie Bella, Assistant Secretary</u> <u>Office of Medicaid Policy & Planning</u> <u>402 W Washington, Room W382</u> <u>Indianapolis, IN 46204</u> <u>ATTN: Tracy Brunner, Plan Coordinator</u>	
13. TYPED NAME <u>Melanie Bella</u>			
14. TITLE <u>Assistant Secretary, OMPP</u>			
15. DATE SUBMITTED <u>9/30/03</u>			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED <u>08/10/2004</u>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL <u>07/01/03</u>		20. SIGNATURE OF REGIONAL OFFICIAL <u>[Signature]</u>	
21. TYPED NAME		22. TITLE <u>OCB</u>	
23. REMARKS			

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1. State of Indiana

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Supplemental Payments to Privately-owned Hospitals

I. General

A Privately-owned Hospital means an acute care hospital that is (i) licensed under IC 16-21, and (ii) Privately-owned and operated in accordance with 42 CFR 447.272(a)(3) and 42 CFR 447.321(a)(3). In addition to regular claims payments and any other payment adjustments to which they are entitled, each hospital that is a Privately-owned Hospital may receive an additional inpatient Medicaid supplemental amount for each state fiscal year ending after June 30, 2003, which shall not exceed the inpatient charge limitations pursuant to 42 CFR 447.271 and the applicable inpatient upper payment limit in accordance 42 CFR 447.272.

II. Inpatient Supplemental Payment Pool

The office will calculate a Inpatient Supplemental Payment Pool for each state fiscal year ending after June 30, 2003. This Inpatient Supplemental Payment Pool will include the inpatient Medicaid supplemental amount, which is an amount equal to the difference between the aggregate of actual Medicaid payments made to all Privately-owned Hospitals for Medicaid inpatient hospital services (excluding Medicaid disproportionate share payments made pursuant to IC 12-15-16, 12-15-17, and 12-15-19), and the office's reasonable estimate of the amount that would have been paid for those services using Medicare payment principles, subject to limits imposed by 42 CFR 447.271 and 42 CFR 447.272. The Inpatient Supplemental Payment Pool will be equal to the inpatient Medicaid supplemental amount.

III. Payment Methodology

For each state fiscal year ending after June 30, 2003, the Inpatient Supplemental Payment Pool will be established and distributed to Privately-owned Hospitals in the following manner:

- (1) An amount equal to the lesser of (i) the amount of the Inpatient Supplemental Payment Pool; or (ii) five million dollars (\$5,000,000), will be paid to a Privately-owned Hospital that has in excess of seventy thousand (70,000) Medicaid inpatient days.
- (2) Following the payment under (1) above, if there is an amount remaining in the Inpatient Supplemental Payment Pool after the payment under (1) above has been made, that remaining amount will be paid to all Privately-owned Hospitals on a pro rata basis based upon the number of each Privately-owned Hospital's Medicaid inpatient days. For purposes of this Section III (2) the non-federal share of such payments will not exceed the amount transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b). Privately-owned Hospitals with larger numbers of Medicaid inpatient days will receive a higher proportion of the amount remaining in the Inpatient Supplemental Payment Pool than Privately-Owned Hospitals having smaller numbers of Medicaid inpatient days. The amount of a payment shall be determined and distributed after the end of each state fiscal year.

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(3) In the event the entirety of the aggregate Inpatient Supplemental Payment Pool is not distributed after the payments indicated in (1) and (2) above have been made, the remaining amount will be paid on a pro rata basis to any Privately-owned Hospital that enters into an agreement with the office for such payment, based on each Privately-owned Hospital's Medicaid weighted inpatient days. For Children's hospitals (as identified by the office), weighted Medicaid inpatient days will be calculated by taking Medicaid days and multiplying them by 120%, consistent with the Medicaid DRG add-on. In addition, all hospitals' Medicaid days (including Children's hospitals) will be weighted further by their Medicaid Case Mix. The amount(s) of a Privately-owned Hospital's payment(s) under this clause (3) will not exceed the amount of the remaining Inpatient Supplemental Payment Pool.

Adjustments

Notwithstanding III (2) above, the office may enter into an agreement with any Privately-owned Hospital whereby the Privately-owned Hospital waives payments described in III (2) above or accepts a lesser or greater amount than provided in III (2) above, subject to the hospital's charge and payment limitations as described in 42 CFR 447.271, and 42 CFR 447.272. However, the office may not enter into an agreement with a Privately-owned Hospital if, in doing so, another Privately-owned Hospital that is not a party to the agreement or that has not otherwise consented to the office's agreement will receive an amount less than what the hospital would have otherwise received under the formula set forth in III (2).

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